New York City is served by Amtrak, an intercity passenger train system, located in Pennsylvania Station, which provides access to Boston, Washington, D.C., and Philadelphia, along the northeast corridor, and long-distance train services to Chicago, New Orleans, Miami, Toronto, and Montreal.

The Port Authority Bus Terminal is the city's main bus terminal and is used by approximately 200,000 commuters daily, making it one of the busiest bus stations in the world.

New York City's bus fleet and commuter rail network also include the Long Island Rail Road, Metro-North Railroad, and New Jersey Transit. These transportation modes converge at Grand Central Station and Pennsylvania Station. Numerous bus routes that are operated by the Metropolitan Transportation Authority (MTA) are also available for intracity transportation and are heavily depended upon by the population.

In addition to the mass transit network, New York City has an extensive array of expressways, parkways, bridges and tunnels that link the city to New Jersey, Westchester County, Long Island and Connecticut.

The area is served by John F. Kennedy Airport, which handles domestic and international flights, and LaGuardia Airport, which handles domestic flights. MacArthur Airport in Long Island and Newark Airport in New Jersey also provide convenient access to the area.

Upon arrival to the area, the most significant characteristic of the city is its skyscrapers and astounding skyline within Manhattan. The area has 5,937 high-rise buildings, with over 50 skyscrapers taller than 656 feet. Numerous architecturally significant buildings can be found in the city, which include the Woolworth Building, the Chrysler Building, the Seagram Building, the Conde Nast Building, and the Empire State Building.

The Bank of America Tower at One Bryant Park is a prominent new addition to the city skyline and is 1,200 feet tall. This property is the third tallest building in New York City, behind One World Trade Center and the Empire State Building, and is the fifth tallest in the United States.

The construction of One World Trade Center is nearing completion and it is expected to open in 2014. The office building has a large antenna that brings the height of the building to a symbolic 1,776 feet. The structure is the tallest building in the Western Hemisphere and the third tallest building in the world by pinnacle of height. The skyscraper will contain approximately 2,600,000 square feet and is anticipated to receive a Leadership in Energy and Environmental Design (LEED) Gold Certification, making it one of the most environmentally sustainable buildings of its size in the world.

The Empire State Building is a 102-story skyscraper that stands 1,454 feet high with its spire and is considered to be an American cultural icon with its distinctive Art Deco style. The building and its street floor interior are designated landmarks by the New York City Landmarks Preservation Commission and it was designated a national historic landmark in 1986.

The Empire State Building underwent millions in renovations in order to allow the property to become an eco-friendly structure and more energy efficient. The property received a Gold LEED Certification in September 2011. The trend towards building more eco-friendly and energy efficient properties is becoming more commonplace within New York City and will likely significantly shape the market into the future.

New York City developers appear to be more amenable to embracing building standards that allow them to construct environmentally friendly properties. From 2006 to 2010, building owners received 24 LEED certifications for existing buildings, and in 2011, 22 certifications were issued. In early 2012, 324 projects have obtained LEED certifications. In late 2013, the USGBC Green Building Industry Brief indicated that New York City was ranked first for the top U.S. cities with the most LEED project activity.

The New York City real estate landscape will also be significantly impacted in the upcoming years by large-scale projects that include the redevelopment of Downtown Manhattan, Hudson Yards, Atlantic Yards, and Willets Point. Zoning reform for the Midtown East office submarket was introduced in 2013 in order to initiate the incentive to redevelop this area as well. The zoning reform was intended to help replace the existing building height restrictions and allow high-rise towers to soar in the 70-block area currently outfitted with older buildings of lower stature. A decision regarding the rezoning was expected by the end of 2013, but the application was withdrawn. Reportedly, Mayor Bill de Blasio plans to revive the zoning plan in some form. However, due to the New York City's complicated land use process that will have to start over, the earliest the plan would be able to pass would be in late 2014.

The New York technology sector has emerged as an increasingly powerful economic driver for New York City and is also expected to impact the local real estate market for years to come. Over the past several years, during a time when relatively few industries were growing, more than a thousand new technology start-ups were formed in the area. These start-ups have helped create new jobs, have attracted capital from outside of the city, and have lured innovative people to the area. Although New York City has traditionally been dominated by finance, real estate, and media, the technology sector has become a staple within the private sector.

The top educational institutions in the area are providing new or expanded applied sciences and engineering campuses within New York City, which will likely help the technology sector continue to grow within New York City. Cornell University and Technion-Israel Institute of Technology have partnered in order to build a $2 billion, two million-square foot applied science and engineering campus on Roosevelt Island. New York University will create a new applied sciences center in Downtown Brooklyn, which will focus on research and development of technology to address the critical challenges facing cities, including infrastructure, tech integration, energy efficiency, transportation congestion, and public safety/health. Columbia University will create a new Institute for Data Sciences and Engineering in Upper Manhattan.

Since the economy and job market are expected to improve, and with the tech sector emerging as a prominent industry with the area, New York City will likely be poised to attract talented employees and will need additional housing that is already in short supply.

The significant development of residential neighborhoods primarily occurred between 1870 and 1930. The city's neighborhoods are primarily characterized by brownstones, row houses, and apartment buildings, and present a significantly different character than the skyscrapers associated with the city's primary commercial districts. The building material of choice during this time period was primarily stone and brick. Beginning in the 1950s, the need for affordable housing initiated the development of public housing projects that altered the appearance of many of the city's neighborhoods. Over the past several years, the city underwent significant development in which new condominium apartment buildings were added to the area.

Although the city's office towers dominate the skyline, new prominent residential construction has also been vying to make an impact and have been a necessity to accommodate the area's growing population and density. The New York by Gehry, located at 8 Spruce Street, is a 76-story skyscraper and is the second tallest residential building in the Western hemisphere. The property was once the tallest residential structure in the area until it was surpassed by One57, located at 157 West 57th Street, when it topped out in June 2012.

While luxury housing receives much of the attention, the growing need for affordable housing is evident. Mayor Bill de Blasio has identified this need and intends to introduce a new Guaranteed Inclusionary Zoning approach in order to entice developers to also build affordable housing.

Overall, the city's various neighborhoods are distinct from one another and contain residential properties and diverse populations that help contribute to the overall character of its many neighborhoods.

## Population

**New York City Population Trends**

| | 1970 | 1980 | Percent Change | 1990 | Percent Change | 2000 | Percent Change | 2010 | Percent Change | 2013 (Est.) | Percent Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| New York City | 7,895,563 | 7,071,639 | -10.4% | 7,322,564 | 3.5% | 8,008,278 | 9.4% | 8,175,133 | 2.1% | 8,305,061 | 1.6% |
| Manhattan | 1,539,233 | 1,428,285 | -7.2% | 1,487,536 | 4.1% | 1,537,195 | 3.3% | 1,585,873 | 3.2% | 1,608,915 | 1.5% |
| Bronx | 1,471,701 | 1,168,972 | -20.6% | 1,203,789 | 3.0% | 1,332,650 | 10.7% | 1,385,108 | 3.9% | 1,403,759 | 1.3% |
| Brooklyn | 2,602,012 | 2,231,028 | -14.3% | 2,300,664 | 3.1% | 2,465,326 | 7.2% | 2,504,700 | 1.6% | 2,556,651 | 2.1% |
| Queens | 1,987,174 | 1,891,325 | -4.8% | 1,951,598 | 3.2% | 2,229,379 | 14.2% | 2,230,722 | 0.1% | 2,263,697 | 1.5% |
| Staten Island | 295,443 | 352,029 | 19.2% | 378,977 | 7.7% | 443,728 | 17.1% | 468,730 | 5.6% | 472,039 | 0.7% |

Source: U.S. Census Bureau and Site To Do Business Online

Though dynamic and rich in its diversity, New York City's population has not grown significantly for decades, although New York City is hardly unusual among major northeastern cities in that respect. Between the 1970 and 1980 censuses, the population dropped 10.4% from 7.89 million to 7.07 million, reflecting New York's financial crisis, as well as the suburban exodus common to many older cities during that period.

The trend was partially reversed in the 1980s due to a revival in the local economy and a new wave of immigration. By the 1990 census, New York City's population had rebounded 3.5% to 7.32 million. Between 1990 and the 2000 census, New York City's total population grew 9.4%. As of 2010, according to the United States Census Bureau, New York City's population is 8,175,133. The population in 2013 has been estimated at 8,305,061, or 1.6% higher than the population as of the 2010 census.

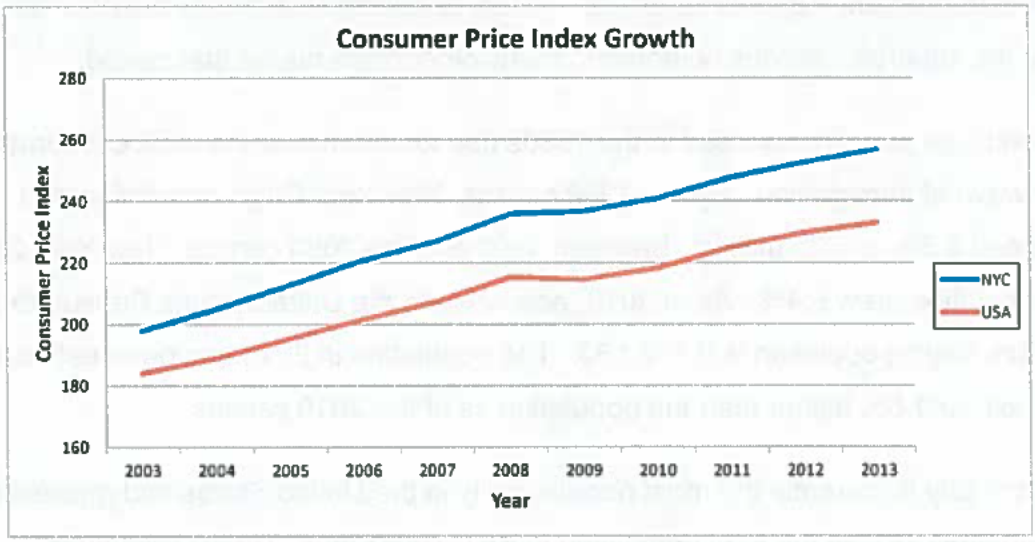
New York City is currently the most populous city in the United States and represents approximately 42% of the total population in New York State. The population is expected to continue to increase steadily and demographers estimate New York City's population will be 8.7 million in 2020 and 9.1 million in 2030.

The city is a uniquely large and ethnically diverse metropolitan area and is a large entry point for many immigrants with approximately 36% of its population being foreign born. The significant ethnic diversity is notable and greatly influences the characteristics of the city's various neighborhoods.

New York City's current population density is 27,446 people per square mile, which makes it the most densely-populated municipality in the United States with a population over 100,000. As of the 2000 Census, Manhattan's population density was 66,940 per square mile. Based on Manhattan's 2013 population estimate, the area's population density has increased by almost 5% from 66,940 per square mile in 2000 to 70,075 per square mile in 2013.

## Economy

According to the United States Department of Labor (Bureau of Labor Statistics), the consumer price index for all items as of year-end 2013 was 256.8 and 232.9 for New York City and the nation, respectively.

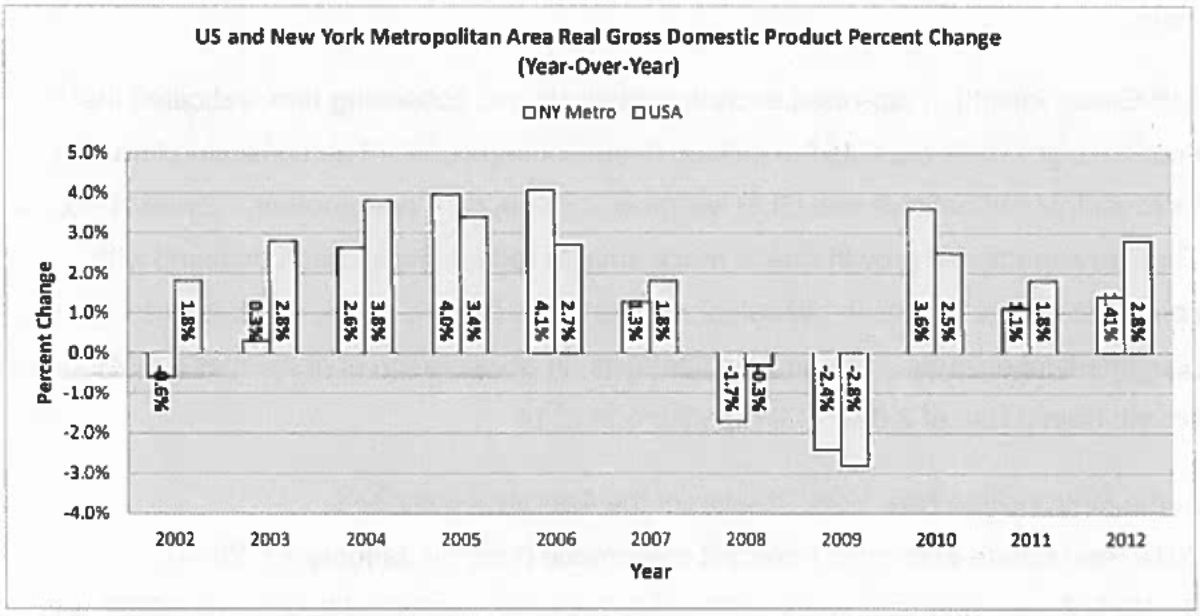



From 2003 through 2013, the consumer price index for New York City has been higher than the consumer price index for the nation. In that time, the consumer price index has risen approximately 29.8% and 26.6% from the levels posted in 2003 for the city and the nation, respectively. On average, the city's consumer price index has been 9.5% higher than the nation's consumer price index. In 2003, the city's figure was as close to the nation's as it has been over the 11-year period, only 7.5% higher. Conversely, in 2010, the city's figure was 10.5% higher than the figure posted nationally.

This is the largest disparity between the city's and nation's consumer price index during this period. As of year-end 2013, the city's figure is 10.3% higher than the figure posted nationally.

The higher cost of living in New York City has mainly been attributed to the desirability of the area and the scarcity of land. Real estate values have increased significantly over the past several decades which, in turn, have affected the price of other goods and services such as groceries, energy, and transportation, needed for day-to-day living. The consumer price index for New York City should continue to outpace the index for the entire United States due to its ability to draw people in for the same reasons that make it an expensive place to live.

The gross domestic product (GDP) is one of the primary indicators used to gauge the health of the nation's and metropolitan area's economy since it represents the total dollar volume of all goods and services produced over a specific period of time. Below is a graph outlining the percent change of the real gross domestic product on a year-over-year basis for the New York metropolitan area (New York-Northern New Jersey-Long Island) and the United States from 2002 to 2012.




Source: The Bureau of Economic Analysis (BEA)

The percentage increase in the real GDP for the New York metropolitan area grew at an increased rate from 2003 to 2006. The real GDP for the metropolitan area continued to grow in 2007, albeit at a slower rate. In contrast, the rate of the percentage increase in the real GDP for the nation peaked in 2004 and continued to grow through 2007, but at a slower rate. The New York metropolitan area lagged entering the recession because export sectors beyond finance continued solid performance after the onset of the economic turmoil. Professional services, information, and leisure and hospitality also performed well, which helped delay the downward trend in the real GDP in the area.

In 2008 and 2009, amidst the recessionary climate, the real GDP for the metropolitan area declined 1.7% and 2.4%, respectively, from the preceding years. The nation's real GDP declined 0.3% in 2008 and 2.8% in 2009 from the preceding years. In 2010, the economy for the metropolitan area and the nation turned for the better with the metropolitan area experiencing a growth rate of 3.6% from the previous year and the nation's economy growing at a rate of 2.5% from the previous year.

The Bureau of Economic Analysis (BEA) has not released the real GDP for the New York metropolitan area since 2012. The nation's real GDP increased 1.9% in 2013.

IHS Global Insight, a top-rated economic analysis and consulting firm, indicated that economic growth is expected to pick up in the coming years. The consulting firm has forecast that the nation's real GDP will grow 2.7% in 2014 and another 3.2% in 2015. The firm expects the growth due to much smaller federal fiscal drag combined with continued improvements in consumer spending, housing, exports, and business equipment investment. The firm also predicts an acceleration of consumer spending growth from a rate of 2.0% in 2013 to 2.8% in 2014.

At the Metropolitan New York Chapter of the Appraisal Institute's 2014 Real Estate Economic Forecast conference (held on January 13, 2014), Dr. Mark Zandi, chief economist at Moody's Analytics, projected that the real GDP will grow approximately 3% in 2014 and 4% in 2015.

Dr. Zandi cites three primary reasons for his optimism regarding the nation's economy. The first reason is that he believes that there will be more construction that will mostly include residential housing. However, he also noted that construction of non-residential properties and infrastructure will also increase.

During the conference, the economist said that "every recovery since World War II was driven by housing, except this one. But the sector has now worked through its legacy problems. A few years down the road, our problem will be a lack of housing." He continued to say that with the construction of every single-family home, four jobs are created and with the construction of every rental apartment, two jobs are created.

The increase in residential construction is expected to spur employment figures by having a ripple effect in retail trade, furniture manufacturing, and appliance manufacturing. In the downturn, the housing market had the most negative impact on the economy, but most economic models are now touting its potential to help accelerate the recovery in 2014 and beyond.

Both the National Association of Realtors (NAR) and the Case-Shiller home price indices have been on the rise. The NAR data showed a gain of 9.8% in the year-ending December 2013, while the most recent Case-Shiller data showed an increase of 13.7% over the past year. As of year-end 2013, the increases indicated by these indices are the 18th consecutive month of year-over-year increases in home prices.

According to the United States Department of Housing and Urban Development, privately-owned units authorized by building permits in December 2013 were at a seasonally-adjusted rate of 986,000. This is 3.0% below the revised November rate of 1,017,000, but is 4.6% above the December 2012 estimate of 943,000.

Privately-owned housing starts in December 2013 were at a seasonally-adjusted annual rate of 999,000. This is 9.8% below the revised November estimate of 1,107,000, but is 1.6% above the December 2012 rate of 983,000. According to Dr. Zandi, typical housing starts should be approximately 1.7 million per month.

Dr. Zandi indicated that the second reason he anticipates economic growth is because he expects that the fiscal drag placed on the economy by the government will continue to decline. Fiscal drag is the tendency of revenue from taxation to rise as a share of GDP in a growing economy.

According to Dr. Zandi, "the fiscal drag in 2013 took 1.5 percentage points off GDP growth. This was the most fiscal drag since World War II." He noted that this fiscal drag was in part of the government shutdown and automatic spending cuts known as sequester. In 2014, he expects the fiscal drag to be a mere 0.4 percentage points and that the government will go from being a big weight on the economy to being a small plus by mid-decade.

The third major reason he expects economic improvement is related to the financial shape of the private sector. He explained that companies across the United States have deleveraged and have cash on the balance sheets, unit labor costs have stayed relatively low, and profit margins have increased significantly over the past decade. Dr. Zandi expects employment to increase steadily over the next several years and projects that the United States will reach full employment, with an unemployment rate of 5.5% to 6.5%, by late 2016. This is a situation in which all available labor resources are being used in the most economically efficient way.

Dr. Zandi also cautioned that there are risks that can curtail the economic growth in 2014 and 2015. This includes a failure to raise the federal debt ceiling, increasing interest rates too rapidly as opposed to a more controlled manner that is in line with the increase in jobs, and the economic turmoil in Europe and emerging markets.

Nevertheless, the general consensus is that the economic recovery will begin to pick up traction in 2014 and more robust improvements in the economy will occur in 2015. Although there are inherent risks that poise as threats to the economic recovery, the need for residential housing will likely lead the way towards economic growth and businesses in various sectors appear prepared to take more risks in order to grow.

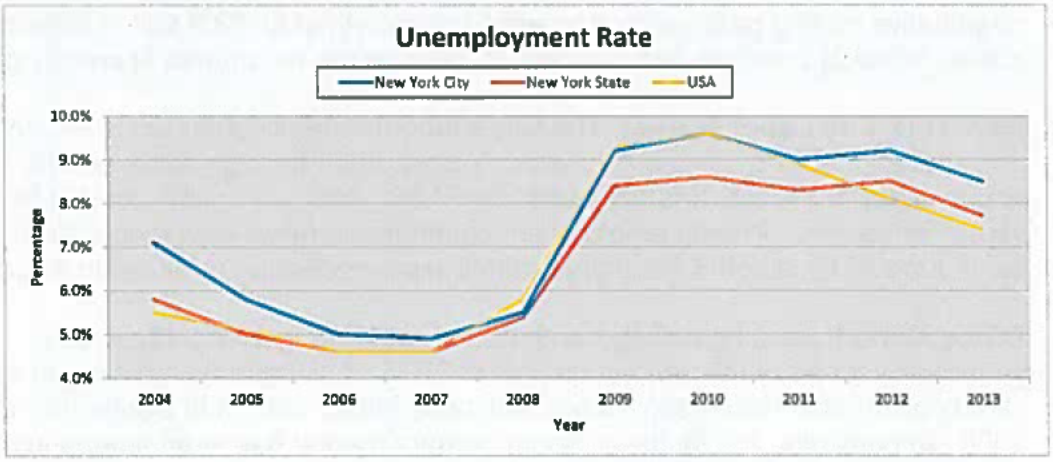
## Current Economic Conditions

The City of New York's Monthly Report on Current Economic Conditions, July 30, 2013, indicates the following highlights:

- **U.S. Economy**: The long-term growth prospects of the U.S. economy are receiving wide scale support from the housing market recovery. However, the labor market continues to underperform with respect to job and wage growth.
- **Financial Markets**: The recent jump in interest rates by nearly a full percentage point has led to wholesale changes in investor and borrower behavior. The bump in yield also pose challenges to the banking sector but the steeper yield curve will eventually bolster profits.
- **Inflation**: In June, the Fed began to discuss the possibility of scaling back its quantitative easing program and slowing the growth of its $3.5 trillion balance sheet. Inflation pressure remains muted, despite the recent rise in energy prices.
- **New York City Labor Market**: The City's labor markets continued to expand at a brisk pace for a third consecutive year. Year-to-date through June, private sector employment in the City has expanded by 67,000 jobs, with gains coming from a variety of sectors. Private employment continues to reach new record levels, and as of June 2013, stood 5.3% higher than the pre-recession peak set in August 2008.
- **Office Market**: Leasing activity continued to rebound, growing 11 percent year-over-year as of the second quarter of 2013. Asking rents maintained their steady climb, and have risen 13 percent since hitting bottom in September of 2008. In particular, the Midtown South primary market has seen a huge jump in asking rent over a one-month period due to the addition of one high-end building.
- **Residential Market**: The City's housing market is tracking the positive momentum of the national housing market, with demand supported by stronger fundamentals. Healthy demand, along with thin inventories are lifting prices and encouraging new construction. However, higher borrowing rates may pose challenges.

## Employment

From 2004 through 2008, the city's unemployment rate declined and was the lowest in 2007 at 4.9% over the past decade (2004-2013). Towards the end of 2007, the credit crisis emerged and its negative impact on the economy caused unemployment rates to increase drastically. The unemployment rate in New York City reached its peak in January 2010 at 10.5%. Thereafter, the unemployment rate inched downwards, but has generally ranged from 7.7% to 10.3% on a monthly basis since its peak in 2010. In 2013, the city's average monthly unemployment rate was 8.5%. The city's average unemployment rate over the past decade (2004-2013) is 7.4% and the last time New York City had an unemployment rate under this figure was in December 2008.




Source: New York State Department of Labor

According to recent reports, United States employers added 74,000 jobs in December 2013. This was the weakest month for job growth since January 2011 and was a surprise to many economists who were expecting an addition of approximately 193,000 jobs. Some economists believe that the weak job gains data at the end of 2013 may be revised in the upcoming months in 2014 due to other solid job-related data. Other economists also noted that the poor weather in some parts of the country may have had an adverse impact on hiring for certain sectors. According to Kiplinger, a publisher of business forecasts, "odds are the surprisingly low job growth in December will be offset in the months ahead and we continue to expect an annual gain of about 2.4 million net new jobs in 2014."

Kiplinger cites increased business spending, growing consumer confidence, the continued housing renaissance, and healthy export gains for the improvement in the economy, which should be able to support net monthly hiring of approximately 200,000 per month in 2014.

A closer look at the disappointing monthly job gain at the end of 2013 revealed that most of the missing jobs were indeed concentrated in a few industries and were impacted by what is considered as one-time factors. For instance, construction hiring swung from a gain of 19,000 in November 2013 to a loss of 16,000 in December 2013, and was largely attributed to the unusually cold weather in certain parts of the country. Similarly, health care hiring went from a gain of 31,000 in November 2013 to a decline of 6,000 in December 2013. This was ascribed to the uncertainty over the impact of Obamacare in the final month before the commencement of the national health care program.

Overall, the number of unemployed persons within the United States declined by 490,000 to 10.4 million in December 2013, and the unemployment rate declined by 0.3 percentage points to 6.7% in December 2013. The average national monthly unemployment rate in 2013 was 7.4%.

Although the national unemployment rate dropped to 6.7% in December 2013, the lowest level since 2008, most economists do not expect it to remain there. Most of the recent decline in the unemployment rate is related to people leaving the labor force rather than finding jobs.

Kiplinger indicated that "of the 490,000 people no longer counted as unemployed, 347,000 left the labor force, causing the labor force participation rate to drop to 62.8%, its lowest level since 1978. Half of those leaving the labor force were out of work for six months or longer."

According to Kiplinger, the national unemployment rate will likely fluctuate for some time in 2014 prior to stabilizing at approximately 6.5%. As job creation picks up, people that have left the job force will begin to look for jobs, thereby, increasing the labor pool.

According to the New York State Department of Labor, private sector employment in New York City rose by 96,100, or 2.8%, to 3,494,400 for the 12-month period ending December 2013. Job growth occurred in education and health services (+46,600), transportation and utilities (+20,100), leisure and hospitality (+13,600), other services (+4,100), professional & business services (+3,600), natural resources, mining & construction (+1,600), manufacturing (+1,500) and information. Government jobs declined by 1,600 over-the-year.

New York City's private sector job count increased by 3,400 between November and December 2013, a weaker showing than indicated by historical averages. This mirrors the weaker than expected job growth that occurred throughout the nation over the same period. The leisure and hospitality sector reversed some of the gains it made in November 2013, in part due to the decline in the volatile arts and entertainment sub-sector. On the positive side, boosted by seasonal hiring by FedEx and UPS, the transportation and warehousing sector gained 3,300 jobs in December, when a gain of approximately 1,800 is more typical.

In December 2013, all nine major job sectors within New York City added jobs when compared to December 2012. The over-the-year comparison was helped in 2013 since fewer number of jobs were available in December 2012 due to the negative economic impact of Hurricane Sandy.

The education and health service industry continued to lead the local job market, growing 5.8% from the previous year. This industry has defied the recession and has been able to add a significant amount of jobs over the course of several years.

The city's leisure and hospitality industry, powered by robust tourism, has experienced significant growth over the past 10 years, with an almost 42% increase in the number of jobs, more than replacing the dwindling amount of jobs in the manufacturing sector.

The chart located on the following page displays the changes in the labor market differentiated by sectors.

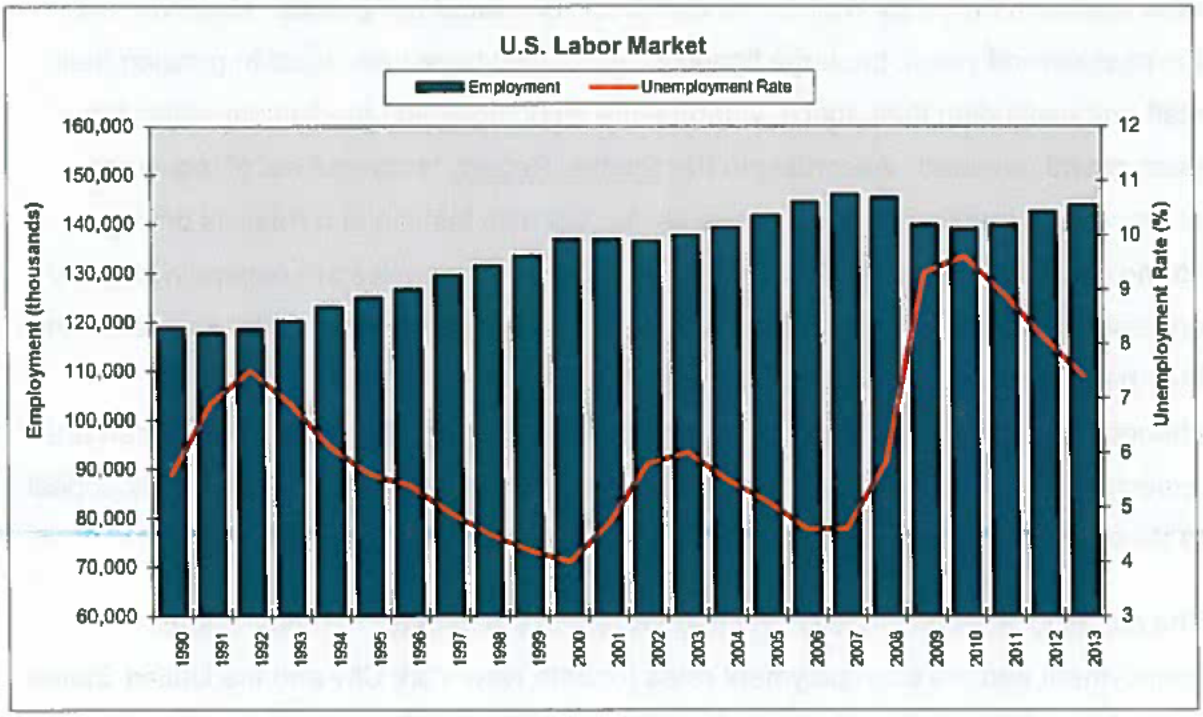
| NEW YORK CITY LABOR MARKET | | | | | | | |
|---|---|---|---|---|---|---|---|
| New York City Nonagricultural Employment (2012BM) (000's) PUBLISHED INDUSTRY TITLE | Dec-13 | Nov-13 | Dec-12 | 1-Month Net Change | 1-Month Pct Change | 12-Month Change | 12-Month Pct Change |
| Total Nonfarm | 4,038.4 | 4,033.4 | 3,943.9 | 5.0 | 0.1% | 94.5 | 2.4% |
| Total Private | 3,494.4 | 3,491.0 | 3,398.3 | 3.4 | 0.1% | 96.1 | 2.8% |
| Goods Producing | 192.6 | 196.3 | 189.5 | -3.7 | -1.9% | 3.1 | 1.6% |
| Service Providing | 3,845.8 | 3,837.1 | 3,754.4 | 8.7 | 0.2% | 91.4 | 2.4% |
| Private Service Providing | 3,301.8 | 3,294.7 | 3,208.8 | 7.1 | 0.2% | 93.0 | 2.9% |
| Trade, Transportation, and Utilities | 633.9 | 621.0 | 613.8 | 12.9 | 2.1% | 20.1 | 3.3% |
| Information | 177.2 | 177.8 | 176.1 | -0.6 | -0.3% | 1.1 | 0.6% |
| Financial Activities | 442.4 | 440.3 | 438.8 | 2.1 | 0.5% | 3.6 | 0.8% |
| Professional and Business Services | 640.7 | 641.1 | 636.8 | -0.4 | -0.1% | 3.9 | 0.6% |
| Education and Health Services | 851.9 | 849.4 | 805.3 | 2.5 | 0.3% | 46.6 | 5.8% |
| Leisure and Hospitality | 378.8 | 387.2 | 365.2 | -8.4 | -2.2% | 13.6 | 3.7% |
| Other Services | 176.9 | 177.9 | 172.8 | -1.0 | -0.6% | 4.1 | 2.4% |
| Government | 544.0 | 542.4 | 545.6 | 1.6 | 0.3% | -1.6 | -0.3% |

Manufacturing jobs have continued to decline and is part of a continuing, three decades long structural shift in the city's economy towards service-providing sectors. Construction jobs contracted since 2009, but are expected to grow with the improvement in the economy and the strong need for residential housing. Conversely, manufacturing jobs will likely decline even with an improving economy due to the structural shift within the area.

Another fundamental shift occurring in New York City is the influx of technology and media companies. Traditionally, job growth and the absorption of office space in the area has been fueled by Wall Street and financial-related companies. However, over the past several years, the large financial companies have been tepid in growing their staff and expanding their space, whereas the technology and media companies have been growth oriented. According to the Studley Report, "a diverse set of industries, primarily tech, media and the creative sector, but also fashion and retail, is driving strong demand for space. Tech and creative-sector companies are expanding rapidly and some would say they are throwing caution to wind, leasing with the expectation that their headcount and revenues will double or triple in the short term." Due to this phenomena, office submarkets such as Midtown South and Downtown Manhattan are expected to experience increased activity over the next several years since they appeal to these sectors more so than the traditional office space found in Midtown.

The charts located on the following page illustrate the long-term trends in total employment and the unemployment rates for both New York City and the United States as a whole. The city outperformed the nation in only two years over the past decade, actually registering a lower unemployment rate in 2008 and 2009. Since 1980, New York City has only posted a lower annual unemployment rate in four years.

N.Y.C. Labor Market
Employment
Unemployment Rate
Employment (thousands)
Unemployment Rate (%)
3,800
3,700
3,600
3,500
3,400
3,300
3,200
3,100
3,000
2,900
2,800
2,700
2,600
2,500
12
11
10
9
8
7
6
5
4
3
1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013


U.S. Labor Market
Employment
Unemployment Rate
Employment (thousands)
Unemployment Rate (%)
160,000
150,000
140,000
130,000
120,000
110,000
100,000
90,000
80,000
70,000
60,000
12
11
10
9
8
7
6
5
4
3
1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013

The Bureau of Labor Statistics last released data pertaining to wages in New York City on November 19, 2013. According to the report, average weekly wages in Manhattan declined 0.5% over the year in the first quarter of 2013 and was attributed to lower wages in the professional and business services sector. In comparison, average weekly wages across the nation increased by 0.6% over the same period.

Manhattan's average weekly wages declined to $2,448, yet remained the highest among the nation's largest counties (those with 75,000 or more jobs). Queens led the other New York City boroughs with a weekly wage of $894, which was 10% below the national average of $989.

In Manhattan, four supersectors with 1,000 or more employees reported declines over the year in weekly wages. This included manufacturing (-8.3%), professional and business services (-4.4%), trade, transportation, and utilities (-1.3%), and other services (-0.2%). Four supersectors registered wage gains of at least 1.0%. This included construction (+1.9%), financial activities (+2.3%), information (+3.3%), and education and health services (+4.4%). Nationally, the largest increase in average weekly wage occurred in information (+3.6%), while the largest decline occurred in professional and business services (-0.6%).

Within Manhattan, the financial activities supersector had the highest average weekly wage at $7,659. Information had the next highest average wage ($2,939), followed by professional and business services ($2,444), and natural resources and mining ($2,201). Leisure and hospitality had the lowest average wage of the industry supersectors at $791. Wages in every supersector in Manhattan were higher than their respective national industry averages.

Of the 10 highest paying counties in the nation, four were located in the greater New York metropolitan area (New York, N.Y., Fairfield, Conn., Morris, N.J., and Somerset, N.J.); while the rest were located in or around the San Francisco area, the Washington, D.C. area, and the Boston area.

## Conclusion

New York City's population continued to grow steadily between the 2000 and the 2010 censuses. Although the recession has slowed down the rate of growth, it has not significantly impacted the total population amount. New York City's population is expected to continue to grow and will likely be over 9 million by 2030.

New York City's consumer price index has historically been higher than that of the Unites States and it will likely continue to be higher than the index for the United States due to the high cost of living in New York City.

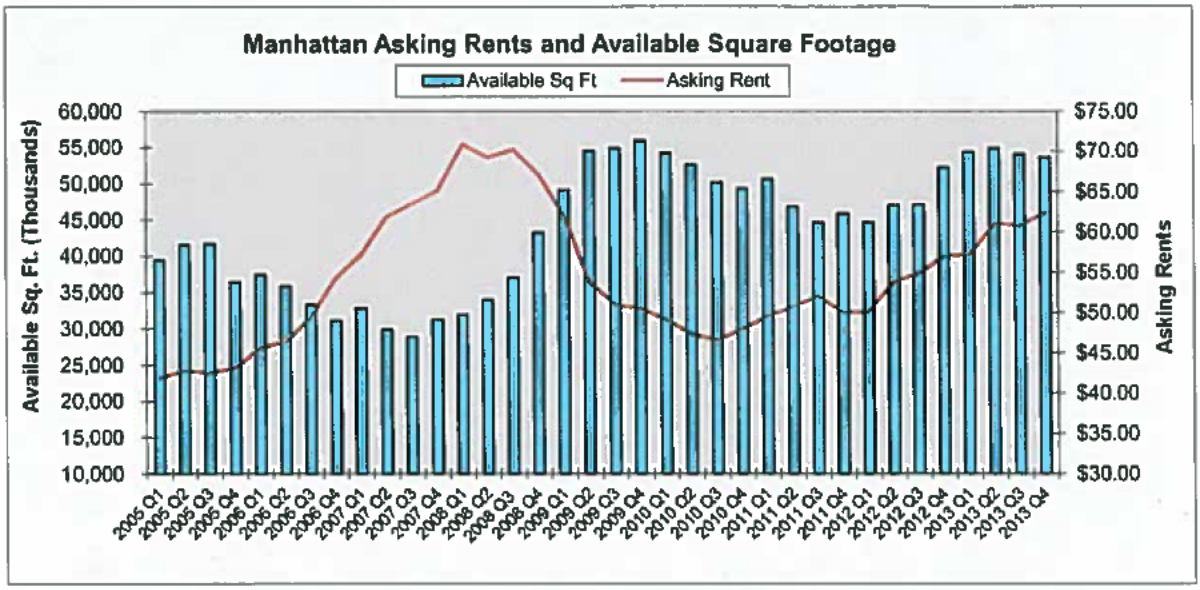
The real GDP for the New York metropolitan area and the nation showed significant improvement in 2010, which helped enhance optimism concerning economic conditions. However, the rate of improvement in the real GDP slowed down in 2011 and in 2012. The real GDP has increased at a modest rate in 2013 as well, and was consistent with projections by economists that indicated that the growth in real GDP would be about 2.0% as businesses and consumers digested the tax implications and spending cuts associated with the fiscal cliff deal. Most economists indicate that the economy will pick up traction in 2014 and 2015. The consensus is that the real GDP will grow approximately 3% in 2014 and an additional 3% to 4% in 2015. The main reasons attributed for the optimism include an increase in construction, a steady decline in the fiscal drag, and the generally positive financial shape of the private sector.

As of December 2013, the unemployment rate in New York City was 7.5% and it was 6.7% for the United States. The New York City unemployment rate is 130 basis points lower than the average unemployment rate for the city in December 2012, while the unemployment rate for the nation has declined 120 basis points. The unemployment rate is expected to fluctuate in 2014 as job creation picks up because people that were once considered out of the job market, will begin to look for jobs once again with renewed optimism. The unemployment rate is expected to stabilize at 6.5% in the later part of 2014 and full employment, with a fractional unemployment rate of approximately 5.5%, is expected by late 2016.

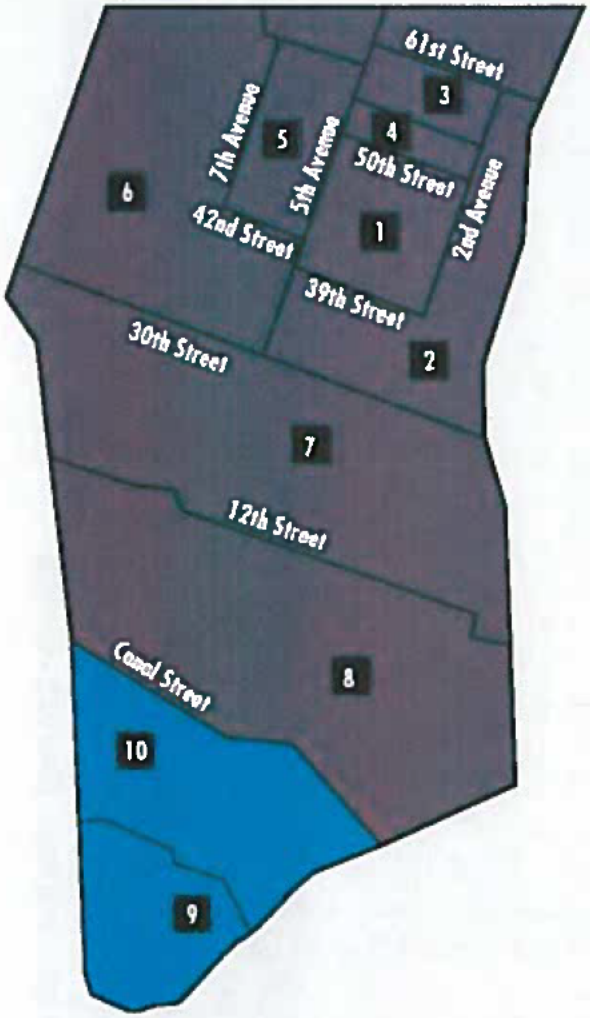
To date, the economic recovery has generally been considered slow. Most economists have indicated that the economy will pick up traction in 2014 and 2015. This type of growth will help stimulate more substantial job creation and the unemployment rate should display more significant signs of improvement. The anticipated improvement in the economy and the increased availability of financing will likely result in the strengthening of the real estate market that will be evident by more transactions and increasing real estate values.

**Manhattan Office Market**

Manhattan's overall office market is essentially comprised of two distinct markets, commonly defined as the Downtown and Midtown Office Markets. According to Julien J. Studley, Inc.'s *Studley Report & Spacedata, New York City*, the Downtown office market is comprised of office space located south of Canal Street and the Midtown office market is comprised of office space located north of Canal Street and south of East and West 61st Streets. These two larger office markets are further broken down into submarkets, which correspond to the different neighborhood sections of the Midtown and Downtown office markets. According to the Studley Report, the Midtown office market has eight submarkets and the Downtown office market has two submarkets. (See figure on next page.)




According to the Fourth Quarter 2013 Studley Report, the Manhattan office market has a total of 53.63 million available square feet. This figure represents a decrease in available space of 0.8% from the figure posted last quarter, and an increase of 2.79% from the figure posted a year ago. The average asking rental rate for space in the Manhattan office market was $62.43 per square foot in the fourth quarter of 2013. This represents an increase of 2.7% from the figure posted last quarter, and a 9.5% increase from the figure posted a year ago.




## STUDLEY'S MANHATTAN OFFICE SUBMARKETS

**MIDTOWN**

1. Grand Central I
50th Street to 39th Street, Second Avenue to Fifth Avenue

2. Grand Central II
61st Street to 39th Street, East River to Second Avenue; and 39th Street to 30th Street, East River to Fifth Avenue

3. Plaza I
54th Street to 61st Street, Second Avenue to Fifth Avenue

4. Plaza II
50th Street to 54th Street, Second Avenue to Fifth Avenue

5. Westside I
60th Street to 42nd Street, Fifth Avenue to Seventh Avenue

6. Westside II
61st Street to 42nd Street, Seventh Avenue to Hudson River; and 42nd Street to 30th Street, Fifth Avenue to Hudson River

7. Midtown South I
30th Street to 12th Street, East River to Hudson River.

8. Midtown South II
12th Street to Canal Street, East River to Hudson River.

**DOWNTOWN**

9. Downtown I
Below Vesey Street; Fulton Street, East River to Hudson River.

10. Downtown II
Canal Street to Vesey Street; Fulton Street, East River to Hudson River.